



Acquisition of Right of Way Relocation Assistance



Louisiana Department of
Transportation and Development



Scope and Purpose

- Overview of acquisition of property and property rights in order to construct projects involving State or Federal funds.
- Description of basic federal & state requirements in such activities to qualify project for federal participation.
- Coordination of activities between LDOTD and Consultant.



Legal References



- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
- Amendments to Uniform Act.
- Code of Federal Regulations 49 (CFR) Part 24.
- LADOTD statutes & Expropriation Statutes



DOTD Oversight

DOTD will monitor ALL
acquisition aspects of
project to insure
compliance with all
applicable rules and
regulations



TITLE VI

- No person in the United States shall, on the grounds of race, color, sex, national origin, age, or handicap/disability be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity whether those programs and activities are federally funded or not.



CONSULTANT RESPONSIBILITIES

- Represent the State, The Department and The Real Estate Section
- Property Owners are also taxpayers. Their taxes are paying your fees.
- Status
 - Keep the Department informed.



OWNERSHIP

One or more owners who own one or more parcels in the same proportion.

Some of the needed data relates to each ownership as a whole (Negotiator, negotiations initiated), some relates to each owner (date signed, check information), and some relates to each parcel (appraisal date, improvements).



Determining Ownership

Ownerships on a project are determined by Title Research Reports that list:

current owner(s), acquisition data, assessment and tax information, description of the property, conveyances of full ownership, conveyances of other rights, and existing right of way.

Note: Any indication in the title work that the property may have hazardous materials present must be brought to the attention of the Department immediately!



Mortgage Certificates

Mortgage Certificates are ordered on certain properties when final right of way maps are received.

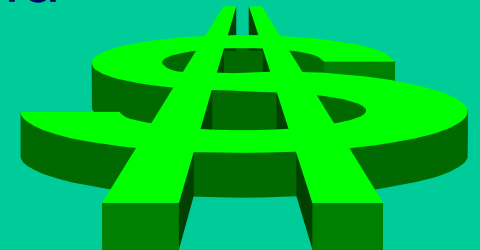
- Parcels with major improvements
- Parcels that have damages
- Parcels with uneconomic remainders
- Parcels that are being acquired in total and constitute an economic tract.

The owners of parcels for which mortgage certificates are ***not*** ordered will be advised in writing about the Department's position concerning lien/mortgage release waivers.



Estimate of Just Compensation

- Fair market value for property being acquired.
- Damages to remaining property and improvements not being acquired.
- Full extent of the owner's loss.
- Donations: Deed will include clause stating the owner waives the right and opportunity to receive just compensation. (Must have DOTD Approval)





Establishing Estimate of Just Compensation

■ Compensation Estimates (CE)

- Established by LADOTD Staff or Review Appraisers
- uncomplicated properties valued < \$10,000

■ LADOTD Review Appraiser's Determination of Just Compensation

Based on a full appraisal

- complicated properties valued > \$10,000
- properties valued originally by CE which must be expropriated.



LADOTD Oversight

Consultant negotiation activities begin when Just Compensation is set.

- LADOTD representative will pre-approve all documents prepared by Consultant until he/she demonstrates competency.
- If negotiations on any ownership exceed 90 days, LADOTD must approve continuation of negotiations.



Acquisition Activities

- Initial notice to all owners on the project:
 - Identifies Consultant as Department's Representative
 - Advises of intent to acquire
 - Explains owner's protections and rights



Negotiation Activities

As soon as Just Compensation on an ownership is set, an offer package is prepared. This includes:

- Written offer letter
- Appraisal Review Sheet
- Summary of Just Compensation form, which itemizes all property being acquired
- Certificate of Estimate of compensation on each appraisal
- Copies of Right of Way and Construction Plans
- *Acquisition of Right of Way and Relocation Assistance* Brochure.
- Include the consultant introduction paragraph.



Negotiations by Mail

In all cases, the initial offer will be mailed to the property owners by **Certified Mail**. To the greatest extent possible, negotiations shall be handled by mail or phone.

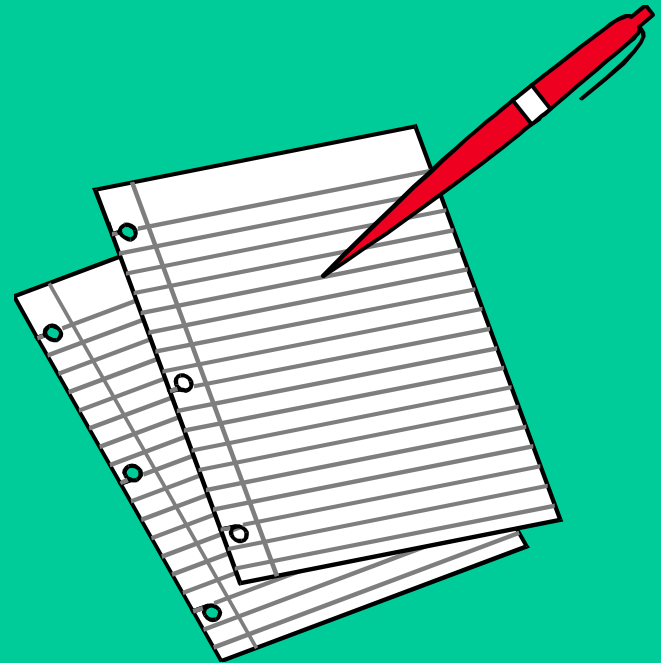
If relocation of an owner occupant is involved the offer must be mailed the same day the relocation offer is made.



Acquisition Activities

Written Log Of Contacts must be maintained:

- dates
- names
- places
- summary of what was said
- Mandatory notification of rights to property owners





Negotiations

- Agent fully explains just compensation offer.
- Owner shall be given a reasonable opportunity to consider the offer (at least 21 days).
- The Agent/Consultant shall take no action which might be considered coercive.





Uneconomic Remainders Adversely Impacted Improvements

■ Uneconomic Remainder (UR):

Property not in the taking which, after the taking, has no economic value to the owner.

■ Adversely Impacted Improvement (AI):

An improvement located totally outside the required taking which suffers severe negative impacts as a result of the taking.



Counter-Offers

- The property owner shall be given the opportunity to present a counter-offer and to submit documentation relevant to the property's value.
- All counter-offers will be forwarded by the Consultant to LADOTD. If counter offer is either not recommended by the consultant or is above \$5000, the Department will notify consultant of the final decision.



Counter-Offer Approval

- Authorized Negotiating Agent:
(Up to \$5,000)
- District Manager
(Up to \$10,000)
- R/E Project Coordinator/Project Manager
(Up to \$25,000)
- R/E Administrator
(No Limit)



Amicable Negotiations

- Following acceptance of offer by owner, Consultant will prepare sale. LADOTD may wish to approve documents until competency established.
- Acts of Sale do not have to be signed in the presence of agent. Any notary fees incurred will be reimbursed by the Department.



Checks

- After sale is signed, Consultant will prepare voucher, send to LADOTD and request a check.
- LADOTD will record the sale. When check comes in, it will be forwarded to Consultant.
- Negotiating Agents are authorized to mail or hand deliver all checks to property owners.

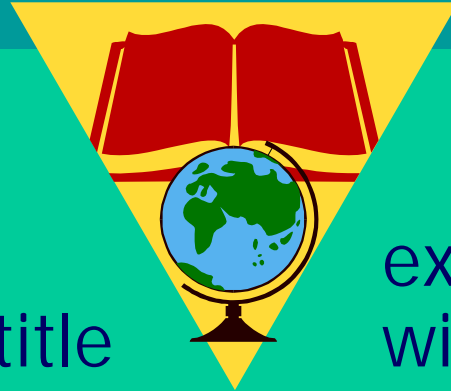


Encumbrances on Required Parcels

- Ownership and mortgage certificates must be rechecked immediately prior to delivery of checks.
- Payment to property owners for acquired parcels shall be made only after all encumbrances on the property have been cleared.
- This applies only to property which requires a mortgage certificate ordered.



Title Transfer Expenses



- All reasonable expenses incidental to the transfer of title will be paid by the Department. Recording of partial releases, etc.
- Such expenses can be paid directly by the Department, or paid by the property owner and reimbursed by the Department.



Expropriation

Properties which cannot be acquired amicably are acquired through expropriation.

- If negotiations are unsuccessful, the Consultant will update the title report and send to LADOTD, along with a recommendation to expropriate.
- If LADOTD believes further negotiations are in order, it will advise the Consultant to continue negotiations.
- If LADOTD agrees expropriation is necessary, it will handle all condemnation proceedings.



Improvement Control

- Major improvements acquired during acquisition shall be disposed of in accordance with Department policy and procedures.
- Consultant will make inspections of improvements prior to and immediately after being vacated. Inspections of occupied improvements will be done in connection with relocation process.
- Consultant will undertake any rodent control measures deemed appropriate, in accordance with policy and procedure. Comply with local ordinances.
- Consultant will secure premises (boarding up, etc.)



Improvement Control

- Lease Backs (Short Term Only)

Must have DOTD Approval

Collection of Rent

Advise tenants rent will be paid directly to DOTD

Maintenance of Improvement

- Eviction Proceedings



RELOCATION ASSISTANCE

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970

- Provides for the orderly, timely and efficient relocation of persons and businesses required to relocate because of a project.
- Provides that no person shall be required to move without 90 Days written notice.
- Supplies information about services and payments available to such persons and businesses.
- Provides for tax exempt status of Relocation payments.



DEFINITION

Displaced Person (Displacee)

Any person who moves from the real property or moves his or her personal property from the real property:

- As a direct result of the Agency's acquisition of such real property in whole or in part for a project;
- As a result of a written order from the Agency to vacate such real property; or
- As a result of the Agency's acquisition of or written order to vacate other real property on which there is a business, farm operation or nonprofit organization.



History of Uniform Relocation Act



1970 (TITLE II)

- \$15,000 Replacement Housing Payment
- \$4,000 Rent Subsidy
- \$500 Residential Moving Payment
- \$2,500 - \$10,000 Business In-Lieu Payment
- \$2,500 Nonprofit Payment
- \$500 Searching Payment



History of the Uniform Relocation Act

1987 Amendments

- \$22,500 Replacement Housing Payment
- \$5,250 Rent Subsidy
- \$1,000 - \$20,000 Business In Lieu Payment
- \$1,000 Business Searching Expense
- Moving Expense Schedule
- Business Reestablishment Expenses
- Functionally Equivalent Comparables
- Utilities part of Rent Subsidy
- Financial Means test (30%)
- Buy Down Mortgage Interest Payment
- Vesting of Rent Subsidy
- USDOT (FHWA) Lead Agency



History of the Uniform Relocation Act

1993 Amendments

- Small Business Definition - Economic Activity
- Reestablishment Payments - Liberalized
 - Ineligible Expenses - Aesthetic changes



Relocation Assistance Advisory Services





Know The Situation

- Conceptual Stage Plan
- Planning Document
- Displacee Interviews
- Real Estate Market and Costs
- Public Agencies / Local Officials



Know Your Client

- Displacee Interviews
- Observations
- Displacee Needs and Desires

Know The Relocation Program

- Benefits
- Time Frames
- Payments
- Displacee Requirements



Advise and Assist

- Explain the Requirements
- Explain Payments
- List of Housing/Sites
- Transportation
- Inspect Housing for DSS before the move
- Moving/Bids
- How to File Claim (Assist in Filing)
- Public Agencies/Local Officials
- Housing Outside Impacted Areas





Required Notices

- **Notice to all Displacees on Project**
 - Informational Notice advising displacee of possible displacement and advising not to move until authorized to do so by Agency.
- **Notice to Residential Displacees**
 - Eligibility Letter setting forth replacement housing offer and specifying 90-Day Vacate Date.
- **Notices to Business Displacees**
 - Eligibility Letter specifying 90-Day Vacate Date and advising that moving cost estimate is being developed.
 - Moving Cost Estimate Letter setting forth the moving cost estimate offer developed by the Agency.



Definitions

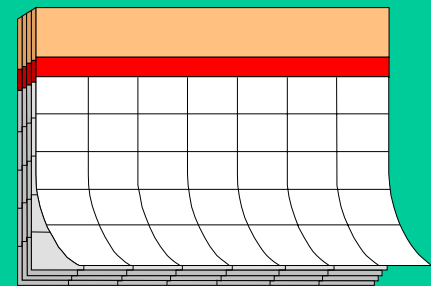
Initiation of Negotiations on the Project:

The date of delivery of the **first** Just Compensation Offer Letter to any owner on the project, excluding offers for hardship acquisition.

Initiation of Negotiations on the Parcel:

The date of delivery of the Just Compensation Offer Letter to the parcel's owner.

These dates are important because they define the time frame for required Relocation activities and notices.





Time Line of Activities

Event

Final Project Right of Way Plans Received

within 2 weeks

**Prepare Cost Estimate
for Relocation
from plans**

within 4 weeks

**Prepare file of available properties
on the market
suitable for use by displacees**

within 4 weeks

**Prepare Preliminary
Relocation Plan
(Based on drive-by inspection)**

Action

Event

Project Funds Set Up

within 2 weeks

**Interview all Displacees
on the Project and prepare
Occupant Inventories**

within 4 weeks

**Prepare Final Relocation Plan
(based on occupant inventories
and list of available properties)**

Action



Time Line

General Relocation Notices

Event

Initiation of Negotiations on Project

within 10 working days

Action

**Send Informational Notices
to all Displacees on Project**



Time Line Residential Relocation Letters



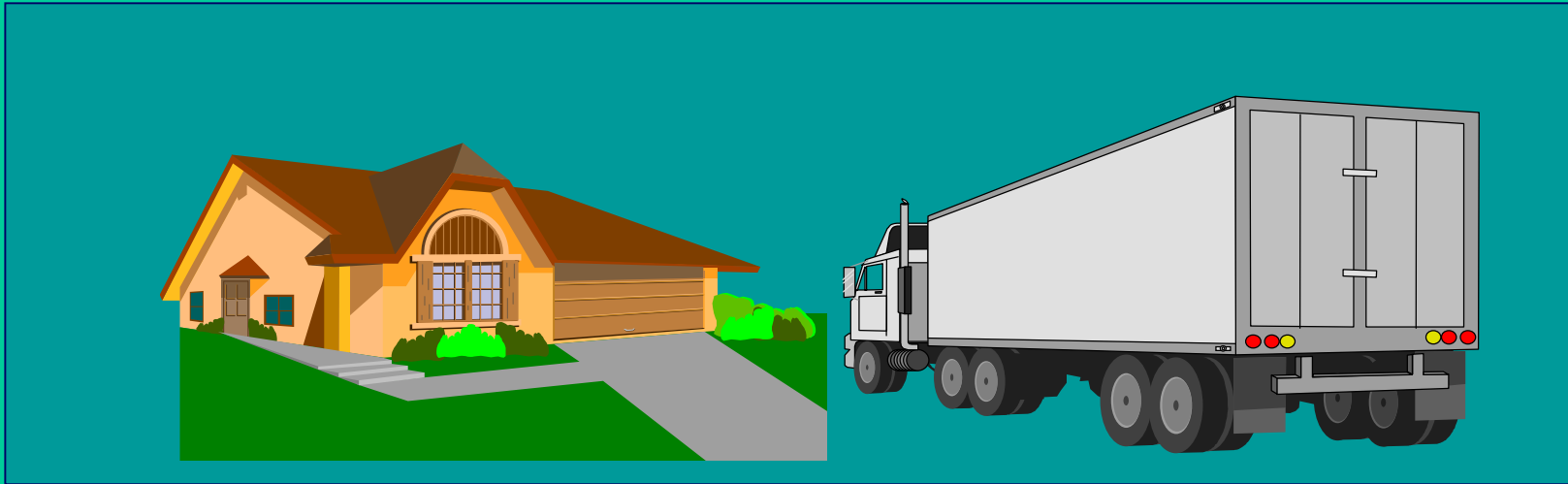


Time Line Business Relocation Letters



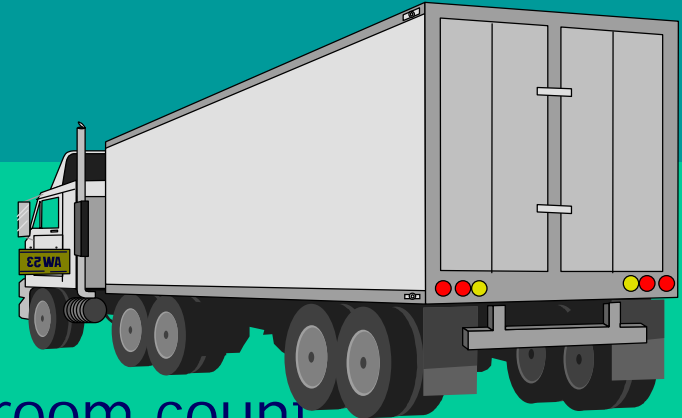


RESIDENTIAL MOVING PAYMENTS





Residential Moving Payments



Two basic types:

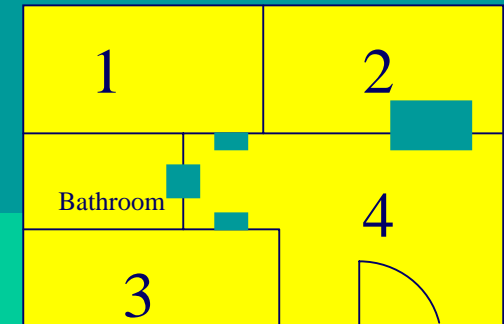
- Fixed Payment (Schedule)
 - Self Move - payment based on room count
- Actual Moving Costs
 - Commercial Moves
 - Self Moves based on actual costs incurred - must be thoroughly documented.
- Estimated Residential Move

Payment based on estimated costs of moving.
Allowable for businesses, but not residential.





Residential Schedule Moves



4 Rooms = \$550

- The schedule payment is based on the number of rooms in the displacement dwelling.
- Bathrooms are generally not considered in the room count unless the bathroom contains furniture.
- Rooms that are used for storage and contain much more than the normal amount of furniture can be counted as 2 rooms.
- An outside storage building may be included in the schedule as one or more additional rooms, based on the amount of personalty stored in it.



Actual Cost Residential Move

- May be either a commercial move or a self move.
- If the displacee wants a commercial move, the R/W Agent will explain to the relocatee that he will be paid the actual and reasonable cost of the move. The reasonability of the cost will be determined by the agent. If needed bids can be secured by the agent to determine if the cost is reasonable.
- The Agency may pay a reasonable fee to a moving company for providing a bid. However, if the moving company actually performs the move, the cost of providing the bid will be deducted from the move payment.
- An Actual Cost Self Move must be documented by paid receipts for all items used for the move. The displacee is eligible for mileage and gas reimbursement based on the state's travel regulations. A log of mileage must be maintained.
- Actual moving costs are paid to the extent they are reasonable and necessary.



Combination Move

A Fixed Cost Move can be combined with an Actual Cost Move when the displacee wants to take a schedule move but also has an item of personalty that requires special handling.



An examples of when a combination move might be used is when the displacee has a grand piano that must be moved in addition to the usual household furnishings.



Processing Residential Moving Payments

- Payment generally shall not be made until the move has been completed.
- Actual Cost Moves must be documented with paid receipts.
- If the displacee chooses a commercial move, the check may be cut in advance so as to be available to deliver to the mover at the completion of the move.
- A Residential Moving Claim form must be completed and signed by the Displacee at the conclusion of the move.



REPLACEMENT HOUSING PAYMENTS





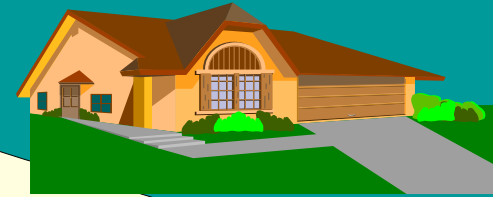
Definitions

Household (Family): Two or more individuals living together in a single family dwelling unit who:

- Are related by blood, adoption, marriage or legal guardianship who live together as a family unit, plus all other individuals regardless of legal ties who live with and are considered a part of the family unit; or
- Are not related by blood or legal ties but live together by mutual consent.



Definitions



Comparable Replacement Dwelling:

- Decent, safe and sanitary (DSS);
- Functionally equivalent to the displacement dwelling with particular attention to the number of rooms and living space; Adequate in size to accommodate the occupants;
- In an area that is not subject to unreasonable adverse environmental conditions and is not less desirable than the location of the displacement dwelling;
- Typical in size for residential development, and
- Available on the private market
- Within the Displacee's financial means.



Definitions

A dwelling is considered to be within the *Financial Means* of a displacee if:

- For a 180-Day Owner Occupant, the displacee is paid the full price differential, including interest and incidental expenses, between the displacement dwelling and a comparable dwelling.
- For a 90-Day Owner Occupant or Tenant, the displacee is paid the increase in the base monthly rental for a comparable dwelling for a period of 42 months..
- For Short Term Occupant or A Subsequent Occupant (Displaced), the displacee's base monthly rental costs for a comparable dwelling are no more than 30% of their gross monthly household income.



Providing Comparable Housing

- No household displaced by a project who meets the eligibility requirements for occupancy shall be required to move until he/she has been provided with comparable replacement housing within his/her financial means.
- The address of the comparable dwelling as well as the maximum housing payment to which the displacee may be entitled will be presented to the displacee in writing in the Eligibility Letter. The Eligibility Letter will also set forth the 90-Day Vacate Date.



Choosing Comparable Housing

- Within 10 days of receiving the acquisition package for a parcel with residential relocation, the Agent will research the housing market to find decent, safe and sanitary dwellings comparable to the displacement dwelling.
- If possible, at least three comparable dwellings shall be selected for each residential displacee. From these, the dwelling most comparable shall be chosen to compute the housing supplement offer.
- The dwelling chosen must be available on the open market during the time the displacee is seeking replacement housing. Until such housing is made available, the Agency cannot issue the displacee a 90-Vacate Date.



Definitions

Decent, Safe and Sanitary: A dwelling which meets all applicable regulations for existing structures as defined by local codes, or in the absence of such codes, is in compliance with the following minimum standards:

- Is a safe and typical distance from the roadway and in compliance with local zoning requirements
- Is structurally sound, weathertight and in good repair; and
- Contains a safe electrical wiring system; and
- Contains a heating system capable of sustaining a healthful temperature;
- Contains adequate habitable floor space with respect to the number and sex of the displacee(s), including a private bathroom.
- Contains unobstructed egress to safe open space at ground level
- For handicapped displacees, is free of any barriers which would preclude reasonable ingress, egress or use of the dwelling.



Computing Offer and Payment 180-Day Owner Occupants



Definitions

■ 180-Day Owner-Occupant:

An initial occupant who has owned and occupied the displacement dwelling for at least 180 consecutive days immediately prior to the Initiation of Negotiations on the Parcel.

■ Financial Means - 180-Day Owner Occupant

The displacee receives the full price differential, plus interest and incidental expenses, between the displacement dwelling and a comparable dwelling. The differential payment is called a Purchase Supplement.



Computing Offer for 180-Day Owner Occupants

- The selling price of the comparable house shall be adjusted to reflect the housing market in the parish. For example, if houses in the area generally sell for 93.45% of the asking price, the asking price of the chosen comparable will be lowered by 6.55% for computation.
- The Purchase Supplement Offer shall be computed by subtracting the acquisition price of the displacement dwelling from the adjusted selling price of the comparable dwelling:

EXAMPLE

Asking Price of Comparable is \$73,000.

Acquisition Price of Displacement is \$48,311.

Adjustment Factor for Parish is 6.55%.

Asking price of Comparable Dwelling	\$ 73,000.00
times Adjustment Factor	<u>6.55%</u>
Adjustment Amount	\$ 4,781.00

Asking price of Comparable Dwelling	\$ 73,000.00
minus Adjustment Amount	\$ 4,781.00
Adjusted Selling Price of Comparable	\$ 68,219.00

Adjusted Selling Price of Comparable	\$ 68,219.00
Acquisition Price of Displacement -	\$ 48,311.00
Purchase Supplement Offer	\$ 19,908.00



Computing Actual Payment to 180-Day Owner Occupants

- To receive a purchase supplement, the displacee must purchase and occupy within twelve months a decent, safe and sanitary dwelling which costs more than the acquisition price of the displacement; to receive the entire amount, the dwelling must cost as much as or more than the comparable.
- If the replacement dwelling price falls between these two figures, the actual payment will be the price differential between the replacement dwelling and the displacement dwelling:

Example:

Purchase Supplement Offer is \$19,908

Acquisition Price of Displacement is \$48,311

Price of Replacement is \$55,000

Purchase Price of Replacement	\$	55,000.00
Acquisition Price of Displacement -	\$	48,311.00
Price Differential	\$	6,689.00

Purchase Supplement Payment is \$6,689.



Interest Differential Payments to 180-Day Owner Occupants

- Certain displacees may be eligible for a payment for increased interest costs actually incurred in financing a loan for a replacement dwelling at a higher rate of interest than that on the acquired dwelling.
- Such displacees are only eligible for this payment if the prevailing interest rate at the time they purchase their replacement exceeds the interest rate on the displacement mortgage.
- The computation for such a payment, called an Interest Differential Payment, is based on the amount necessary to BUY DOWN the new mortgage to the amount which will result in a payment equal to the payment on the displacement dwelling.



Computing the Interest Differential

An estimate of the Interest Differential Payment will be computed and given to the Displacee at the time the Purchase Supplement Offer is presented.

- The estimate will be computed by comparing the interest rate, terms and principal balance on the displacement to the prevailing interest rate and points at the time the replacement is purchased.

- The actual payment will be computed using the lower of:

- (a) *the principal balance on the displacement; or*

- (b) *the new loan principal*

and the lower of:

- (a) *the prevailing interest rate and points; or*

- (b) *the actual interest rate on the replacement*

and the shorter of :

- (a) *the remaining term on the displacement mortgage; or*

- (b) *the term on the replacement mortgage.*



Shortcut to Interest Computations

The Real Estate Directorate of LA DOTD has a computer software package that computes interest differential estimates and payments.

The Relocation Officer will be happy to run the calculations for you if you provide the specific facts of a case.

Jerry Braswell
(504) 237-1220



Incidental Expenses and Closing Costs

- A 180-Day Owner Occupant may also be eligible for certain costs associated with purchasing replacement housing.

These closing and incidental costs are payable above and beyond the purchase supplement payment and interest payment.



Eligible Closing & Incidental Costs

The following items are compensable as closing and incidental costs:

- Title search, abstract preparation, notary fees, surveys, plat preparation and recordation charges;
- Lender, FHA or VA appraisal fees, application fees or funding fees;
- Tax services fees, credit report;
- Certification of structural soundness and termite inspection, when required.
- Owner's and mortgagee's title insurance, not to exceed the cost for a comparable dwelling; if the sale is a cash sale, the cost of the warranty title deed from the closing attorney;
- Reasonable loan origination or assumption fees customarily assessed for a typical loan that do not represent prepaid interest, not to exceed those payable on the old mortgage balance;
- Other fees that the Agency determines are necessary and incidental to the purchase.



Computing Offer and Payment

- 90-Day Owner Occupants
- 90-Day Tenants



Definitions

90-Day Owner-Occupant

An initial occupant who has owned and occupied the displacement dwelling for no less than 90 but no more than 180 consecutive days immediately prior to the Initiation of Negotiations on the Parcel.

90-Day Tenant

A tenant who has occupied the displacement dwelling for at least 90 consecutive days prior to the Initiation of Negotiations on the Parcel..



Definitions

Financial Means

90-Day Owner Occupant & 90-Day Tenant

The displacee is paid the ~~increase~~ in the base monthly rental for a comparable dwelling for a period of 42 months. This payment is called a Rent Supplement.

Base Monthly Rental Costs:

The Lesser of:

- The displacee's average monthly cost for rent* and utilities at the displacement dwelling; or
- 30% of the average gross household income (Financial Means Test.)

*The monthly rent for a 90-Day Owner Occupant will be based on the ~~economic~~ rent for the dwelling.



Computing Offer for 90-Day Owner Occupants and Tenants

- The base monthly rental of the most comparable dwelling available on the open market shall be determined.
- Base monthly rental includes rent and utilities. However, if the comparable is within 100 square feet living area of the size of the displacement dwelling, and the dwellings are of similar construction, the utilities will be considered to be equal. In this case a utility computation need not be made.
- If a utility computation is necessary because of size or some other reason, the utility worksheet shall be used. The average monthly utilities computed will be added to both monthly rental of the displacement and the comparable.



Computing Offer for 90-Day Owner Occupants and Tenants

The rent supplement offer is computed by subtracting the base monthly rental of the displacement dwelling from the

Example

Rent at Displacement is \$325/mo Average Utilities are \$31.56/mo.

Rent at Comparable is \$375/mo Estimated Utilities are \$57.13/mo.

Comparable is 125 square feet larger than Displacement

Comparable is more than 100 square feet larger than displacement, so utilities are included.

Comparable Base Monthly Rental	\$	432.13	
minus Displacement Base Monthly Rental	\$	356.56	
monthly differential	\$	75.57	x 42 months
Rent Supplement Offer	\$	3,173.94	

The rent supplement offer to the displacee is \$3,174.



Computing the Payment 90-Day Owner Occupants and Tenants

To receive the a rent supplement payment, this displacee must rent and occupy within 12 months a DS&S dwelling with a base monthly rental greater than that of the displacement dwelling; to receive the entire offer, the base monthly rental must be equal to or greater than that of the comparable.

Utilities at the replacement will be considered to be the same as the comparable. If a utility adjustment was added to the base monthly rental for the comparable, that same figure shall be added to the monthly rental for the replacement for the payment computation.

Replacement Rent is \$500 a month; Monthly utility computation was : 73.13

Replacement Dwelling	\$	573.13	
Displacement Dwelling Rental	\$	356.56	
	\$	216.57	x 42
	\$	9,095.94	

Estimated Utilities are
the same as the
Comparable Dwelling.

Payment limited to maximum offer of \$3,174.



Computing Offer and Payment

Short Term Occupants



DEFINITION

Short Term Occupant

An owner occupant or tenant who has occupied the displacement dwelling for less than 90 consecutive days prior to the Initiation of Negotiations on the Parcel.

Financial Means - Short Term Occupant

The displacee's base monthly rental costs for a comparable dwelling are no more than 30% of their gross monthly household income.



Computing Offer for Short Term Occupants

The displacees will be asked to provide documentation of the gross household monthly income in order to determine if they are eligible for a rent supplement offer. If they agree, a Tenant Certification of Income Form will be completed and supporting documentation attached.

The documented gross monthly household income will be multiplied by 30%. This figure is considered to be the amount the displacee can afford to pay for housing (within their financial means.)

The base monthly rental for a comparable dwelling will be determined.

If the base monthly rental for the comparable is greater than the 30% figure, the difference shall be determined and multiplied by 42 to compute the rent supplement offer.



Computing Payment for Short Term Occupants

- The actual payment to such a displacee shall be the price differential between the 30% figure and the replacement dwelling times 42, not to exceed the rent supplement offer.

Comparable is less than 100 square feet larger than displacement, so utilities no included.

Example

Gross Monthly Household Income from all Sources is \$2,000

Comparable Dwelling Monthly Rental \$700

Comparable is 68 square feet larger than Displacement

Payment limited to offer of \$4,200

Gross Monthly Household Income	\$	2,000.00	
financial means computation			<u>30%</u>
financial means rent figure	\$	600.00	
Comparable Dwelling Rental	\$	700.00	
financial means rent figure	\$	600.00	
price differential	\$	100.00	x 42
Rent Supplement Offer	\$	4,200.00	
Replacement Dwelling Rental	\$	725.00	
financial means rent figure	\$	600.00	
price differential	\$	125.00	x 42
	\$	5,250.00	



Conversion of Rent Supplements to Down Payment Supplements



Down Payment Supplements

- Persons who receive a rent supplement offer are eligible to convert it to a down payment supplement if they buy and occupy a decent, safe and sanitary dwelling within 12 months.
- In the case of a 90-Day Owner Occupant, the down payment is limited to the lower of the rent supplement offer or what their purchase supplement offer would have been had they been 180-Day Owner Occupants.
- The entire amount of the down payment supplement must be applied to the purchase price or closing costs.



Last Resort Housing Payments



Definition of Last Resort Housing

Last Resort Housing

- When a Residential Displacee cannot be relocated into comparable housing without exceeding the monetary limits of \$22,500 for Purchase Supplements and \$5,250 for Rent Supplements, the Displacee's relocation will be handled according to the provisions of Last Resort Housing.
- When it becomes necessary to move a displacee utilizing the provisions of Last Resort Housing, the Agency has greater latitude in providing comparable housing.



Examples of Last Resort Housing

The usual method of utilizing Last Resort Housing to relocate residential displacees is exceeding the monetary limits of \$22,500 for Purchase Supplements and \$5,250 for Rent Supplements.

Examples of other methods of providing comparable housing under Last Resort are:

- Purchasing "Seed Houses" on a project when there are no rental properties available to use as comparables for displacees;
- Using a smaller but newer and functionally equivalent house as a comparable for an older, larger, and non-DSS house.
- Making a direct loan to the displacee to purchase replacement housing when the displacee is unable to obtain a loan through any other means.



Installment Payments on Last Resort Rent Supplements

- Unlike Purchase Supplements and Down Payments supplements, which must be applied in their entirety to the purchase of replacement housing, Rent Supplements are made directly to displacees after they rent and occupy DSS replacement dwellings. In order to discourage improper use of large rent supplements, the agency will make installment payments for supplements in excess of \$5,250.
- Installments will be in increments of \$5,250 or the balance less than \$5,250, and will be distributed equally throughout the 42 month period.



Example of Installment Payments

Example

Monthly Rent Differential is \$340 Total Rent Supplement is \$14,280

Maximum allowable payment	\$ 5,250.00
divided by monthly differential	<u>\$ 340.00</u>
No. of months maximum installment will cover	15.44 <i>rounded down to 15 months</i>
No. of months maximum installment will cover	15

- This displacee would receive the following payments:
 - \$5,250 immediately upon occupying DSS housing
 - \$5,250 15 months after first payment
 - \$3,780 15 months after second paymentfor a total of \$14,280.



Tracking Displacees Receiving Installment Payments

- Displacees who receive Last Resort Rent Supplement payments will be advised in writing of the payment schedule. The displacee will be urged to contact the Agency a month in advance of their next payment to verify their mailing address.

When an installment payment is due and the Agency has not heard from the displacee, the Agency will make a reasonable attempt to verify their current address and make payment.



Computing Offers and Payments for Residentially Occupied Mobile Homes





Mobile Homes

- Louisiana law considers Mobile Homes moveable in most cases.
- Moves of residential displacees occupying mobile homes are complicated by many factors and sometime require computation of both purchase and rent supplements for the same displacee.
- Some of the factors complicating such moves are:
 - the displacee may own the mobile home and rent the site.
 - the displacee may rent the mobile home and own the site.
 - the mobile home may be considered realty under Louisiana law and therefore immovable.
 - the mobile home may be in such poor condition that it cannot be moved and made decent, safe and sanitary for occupancy.



Mobile Homes which are Realty under Louisiana Law

There are only three cases when mobile homes in Louisiana are considered realty and therefore acquired rather than moved:

- There is an authentic act, sale or mortgage or sale with mortgage which:
 - describes the MH as described in the Certificate of Title or Manufacturer's Certificate of Origin; and
 - describes the tract of land upon which the MH is situated; and
 - contains a declaration by the owner of the MH that it shall remain permanently attached to the tract described.
- The mobile home is totally surrounded by structures and the Appraisal Section declares it to be realty; or
- The mobile home owner has recorded an affidavit of its immovability.



Offers and Payments To Owner Occupants of Mobile Home





Mobile Home is Realty and Acquired

- The owner occupant of an acquired Mobile Home who has lived on the site for at least 180 days is eligible for a purchase supplement for a comparable mobile home and site.
- Such a displacee is also eligible for either a schedule move or actual move payment for the cost of moving personalty from the displacement to the replacement dwelling.



Mobile Home is Personalty and Movable

Mobile Home Can be Moved and Made DS&S

- If the mobile home can be moved and placed back in decent, safe and sanitary condition, the owner occupant is eligible for the actual reasonable moving costs involved therein.
- The displacee is also eligible for a payment for packing and securing the contents of the mobile home for the move. The rate is \$40 for the first room and \$15 for each additional room.



Mobile Home is Personalty But Unmovable

Mobile Home Cannot be Moved and Made DSS

- If the mobile home cannot be moved and placed back in DSS condition, an owner occupant is eligible for a purchase supplement on a comparable mobile home.
- The offer will be computed subtracting the salvage or trade-in value of the displacement mobile home from the cost of the comparable mobile home. Title of the displacement mobile home remains with the displacee, who is responsible for its disposal.



Offer on Site

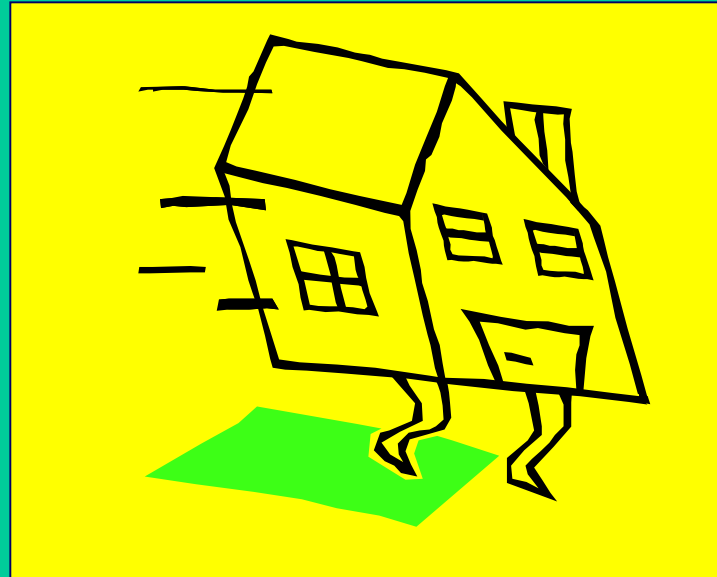
Mobile Home Owner Occupants

The occupant may also be eligible for a housing payment on a comparable site, computed as follows:

- If the displacee owned and occupied the mobile home at the displacement site for at least 180 days, a purchase supplement offer on a comparable site will be computed.
- If the displacee owned and occupied the mobile home on the site for between 90 and 180 days, or was a tenant of the site for at least 90 days, a rent supplement offer on a comparable site will be computed.



Offer and Payments to Mobile Home and Site Tenants





Offer and Payments to Mobile Home Tenants

- 90-Day Tenants displaced from mobile homes may be eligible for a rent supplement based on the monthly rent and utility costs for a comparable mobile home and site.
- Such displacees are also eligible for a moving payment for personal property. If they own the furniture in the mobile home, they can choose either a Schedule Move or an Actual Cost Move.



Short Term Occupants of Mobile Homes

The occupants of a mobile home who owned or rented and occupied the acquired site for fewer than 90 days may be eligible for a rental supplement if they are unable to rent a comparable within their financial means.

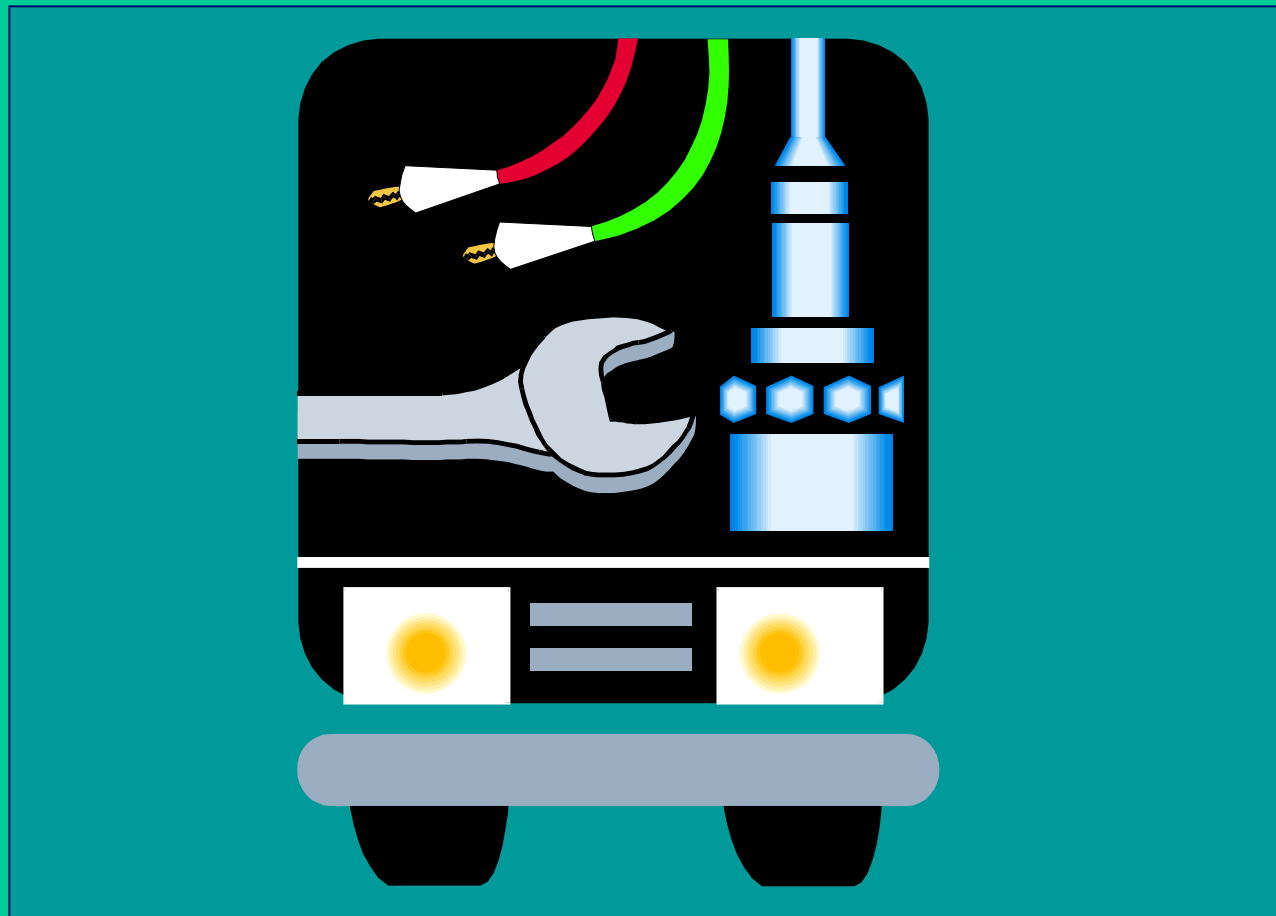


Down Payments for Mobile Home Displacees

- Persons receiving rent supplement offers may convert their supplements to down payment supplements if they purchase and occupy DSS housing. The entire amount must be applied to the purchase price or closing costs.
- The down payment may be applied to either the mobile home, the site, or both. However, the supplement cannot be split between a rent supplement and a down payment supplement.
- If the displacee wishes to apply the entire amount to the replacement unit, they must provide proof of purchase or rental of a replacement site. The converse is also true.



Business Moves





Definitions

Business: Any lawful activity, excepting a farm operation, conducted:

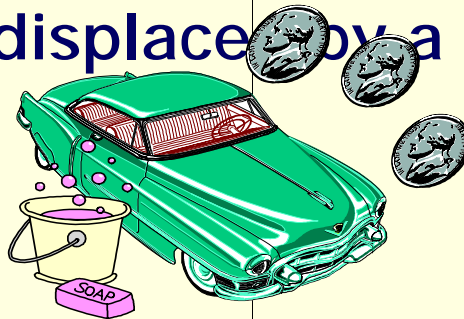
- Primarily for the purchase, sale and rental of personal property, and/or for the manufacture, processing or marketing of products, commodities or any other personal property; or
- Primarily for the sale of services to the public; or
- Primarily for outdoor advertising, when the display(s) must be moved as a result of the project; or
- By a nonprofit organization that has established its non profit status under applicable Federal and State Law.



DEFINITION

Small Business

Businesses, including farms and nonprofit organizations, having no more than 500 employees working at the site being acquired or displaced by a project.



This includes self service businesses with no employees full time at the site, such as coin operated car washes, as well as businesses whose sole purpose at the displacement site is the rental of the site to others..



DEFINITION

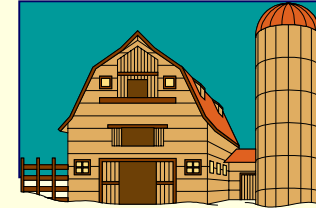
Farm Operation:

Any activity conducted solely or primarily for the production of one or more agricultural products or commodities, including timber, for sale or home use and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator's support.

Contributes Materially

A business or farm operation which in the 2 taxable years prior to displacement:

- Had annual gross receipts of at least \$5,000; or
- Had average annual net earnings of at least \$2,000; or
- Contributed at least 33-1/3 percent of the owner's or operator's average annual gross income from all sources; or
- Some other more appropriate criteria, if the above stipulations present a hardship or inequity.





Types of Business Moves

Displaced businesses, nonprofit organizations and farms are eligible for payment for moving their business personalty. For simplicity, we will refer to all such entities as businesses here.

The basic types of business move payments options are:

- **Actual Moving Costs**

- Reasonable actual or estimated costs incurred in moving
- Searching expenses not to exceed \$1,000

- **Reestablishment Expenses**

- Actual reasonable costs incurred in reestablishing operation not to exceed \$10,000

- **In Lieu Payment**

- a payment between \$1,000 and \$20,000 based on the businesses average annual net earnings for the two years preceding displacement.
- Businesses eligible for and choosing In Lieu Payments are excluded from receiving actual moving costs and reestablishment expenses.



Inventory of Business Personality

- An inventory is required for businesses choosing actual cost moves.
- The inventory should be prepared as soon as possible so that the moving cost offer can be developed.
- Moving cost bids must be based on the inventory. Each bidder must be provided with identical copies of the inventory.
- The business owner will be requested to provide the inventory. However, if the owner does not comply, it will be the Agent's responsibility to prepare the inventory.



Tips on Preparing an Inventory

- Draw a floor layout. It can be a simple free-hand sketch showing location of the major items, access routes, approximate measurements, etc.
- Take photos of all major items or groups of items.
- Ask questions about unfamiliar items or intentions of the business.
 - “How is this machinery fastened?”
 - “Do you plan to sell this piece of equipment rather than move it?”
 - What kind of power supply is needed for this machine?
- Don’t rely on the “paper” inventory that many business maintain. Take a physical count.
- Use specific units of measure to describe items or express quantities.
- Note the condition of items or special circumstances that are relevant to move method or cost.



Business Moves

Actual Moving Costs



Actual Moving Costs

Eligible Expenses

- Transportation of personal property up to 50 miles, unless the Agency determines relocation beyond 50 miles is necessary;
- Packing, crating, unpacking and uncrating of personal property;
- Disconnecting, reinstalling and reconnecting relocated machinery; equipment and other personal property;
- Storage of personal property for up to 12 months with prior approval by the agency;
- Insurance for the replacement value of the property in connection with the move;
- Any license, permit or certification required at the replacement, based on the remaining useful life of the existing license at the displacement;
- Relettering signs and replacing stationery on hand at the time of displacement that are rendered obsolete by the move;
- Certain expenses incurred in searching for a replacement location, not to exceed \$1,000;
- Other expenses as determined necessary by Agency.



Searching Expenses

Business Displacees who incur certain expenses in connection with their search for a replacement location may be eligible for a payment not to exceed \$1,000.

Eligible searching expenses include:

- Transportation, meals, lodging and the reasonable value of time actually spent searching for a replacement location. Reimbursement of mileage, meals and lodging is limited to the Agency's travel rates.
- Mileage reimbursement will be based on actual costs supported by paid receipts or at the Agency's mileage rate.
- A log of dates, mileage and time spent in the search must be kept and submitted to the Agency, along with receipts, before payment is made.



Actual Direct Loss of Tangible Property

- Business displacees who wish to dispose of a piece of personal property rather than move it to the replacement location may be eligible for a type of Actual Moving Cost payment called Actual Direct Loss of Tangible Property Payment.
- This option is generally used when an obsolete piece of equipment is not needed at the replacement location.
- The payment shall be the costs associated with selling the item plus the lower of:
 - the fair market value for continued use minus the proceeds from the sale of the item; or
 - the amount it would cost to move the item.



Purchase of Substitute Personal Property

- This payment is similar to the Actual Direct Loss of Tangible Property Payment except that the disposed item is promptly replaced at the new location with a piece of property that performs the same function. This allows the displacee to upgrade a piece of personal property.
- The payment is the lesser of:
 - the cost (including installation) of the replacement item, minus the proceeds from the sale or trade in of the replaced item; or
 - the estimated cost of moving the item.



Types of Actual Cost Moves

- **Self Move Based on the Lower of Two Bids**

The agency will obtain two bids for moving the business. The lower of the two will be offered to the displacee for a self move.

- **Self Move Based on a Finding (Estimate prepared by Agency)**

The Relocation Agent may estimate the costs of a low-cost or uncomplicated move. Findings less than \$3,500 may be prepared by 1 Agent; findings between \$3,500 and \$5,000 must be prepared by 2 Agents.

- **Actual Cost Self Move**

Displacee is paid the actual reasonable moving costs, supported by receipted bills or other evidence of costs incurred.

- **Commercial Move**

The actual reasonable costs of being moved by a moving company. Before this type of move, the Agent will obtain two bids to move the business, and the low bid shall establish the upper limit of the commercial move payment.



Reestablishment Payments

- Only businesses meeting the definition of a Small Business qualify for this type of payment.
- Part-time businesses that do not contribute materially to the income of the owner are not eligible for this payment.
- The maximum payment for reestablishment expenses is \$10,000.
- Payment is based on actual costs incurred.



Eligible Reestablishment Expenses

- Repairs or improvements to the replacement property required by law, code or ordinance.
- Modifications to the replacement property to accommodate the business operation or make replacement structures suitable for conducting the business.
- Construction and installation costs for exterior signing to advertise the business.
- Provision of utilities from right-of-way to improvements at the replacement site.
- Replacement of worn surfaces at new site, such as paint, paneling or carpeting.
- Licenses, fees and permits when not paid as part of moving expenses.
- Feasibility surveys, soil testing and marketing studies.
- Advertisement of replacement location.
- Professional services in connection with the purchase or lease of a replacement site.
- Estimated increased costs of operation during the first two years at the replacement site for such items as:
 - Lease or rental charges
 - Personal or real property taxes
 - Insurance premiums
 - Utility charges, excluding impact fees
- Other items the Agency considers essential to the reestablishment of the business.



Costs Not Eligible as Reestablishment Expenses

- Purchase of capital assets, such as a replacement site and building, office furniture, filing cabinets or machinery or trade fixtures.
- Purchase of manufacturing materials, production supplies, product inventory or other items used in the normal course of the business operation.
- Interest on money borrowed to make the move or purchase the replacement property.



Reestablishment Expenses on New Construction

- If a business displacee chooses to build a new building at the replacement site, the costs of constructing the shell are not eligible as reestablishment expenses.
- However, costs of physical adaptation of the shell, such as wiring, plumbing, cabinetry, flooring and other finishes necessary to utilize the building for the business, are eligible.



Change in the Nature of the Business at the Replacement Site

- If the business owner decides to change the nature of the business at the replacement location, the business remains eligible for reestablishment expenses.
- For example, if the business owner of a used auto sales business decides to relocate and reestablish as a small grocery, the business remains eligible for reestablishment expenses.
- The reasoning behind this is that the business owner and not the business itself is considered the displacee.



In Lieu Business Moves

A business, farm or non-profit organization may choose to take a fixed payment based on the business's average annual net income for the two years preceding displacing if it meets certain requirements. The payment cannot be less than \$1,000 nor more than \$20,000.



In Lieu Business Move

- An eligible business choosing this type of move cannot receive either actual moving costs or reestablishment expenses - hence, the name In Lieu (of Actual Moving and Reestablishment Expenses.)
- Businesses meeting the eligibility requirements for In Lieu moves and which will benefit financially from such a move should receive advisory services encouraging them to choose this option.
 - **Businesses taking In Lieu moves do not have to provide an inventory.**
 - **Unlike Actual Move and Reestablishment Expenses, which are “spend to get” options, the business owner who can move and reestablish for less than the In Lieu payment can make a profit on the move. Since Relocation Payments are not taxable, this is a significant incentive.**



Eligibility Requirements for In Lieu Moves

To be eligible for an In Lieu payment, a business must not be operated solely for the purpose of renting such dwellings or site to others and must meet all of the following criteria:

- The business owns or rents personal property at the displacement site which must be moved and for which an expense would be incurred for the move; and the business vacates or relocates from the displacement site; and
- The business cannot be relocated without a substantial loss of existing patronage. This criteria is assumed to exist unless the Agency determines the business will not suffer such a loss.
- The business is not part of a commercial enterprise that has more than three other entities that are not being acquired; and
- The business contributed materially to the income of the displaced person during the 2 taxable years prior to displacement.



Contributes Materially

- A business is considered to contribute materially to the income of the owner if during the two taxable years preceding displacement:
 - It had average annual gross receipts of at least \$5,000; or
 - It had average annual net earnings of at least \$2,000; or
 - It contributed at least 33-1/3% of the owner's or operator's average annual gross income from all sources; or
 - Some other appropriate criteria if the Agency determines that the above criteria creates a hardship or inequity.
- If the Agency determines that the two years preceding displacement are not representative of the business' earning for reasons relevant to the project, it may use some other time frame for computing eligibility.



Determining the Number of Businesses Displaced

In determining whether two or more displaced legal entities constitute a single business which is entitled to only one fixed payment, the following questions should be addressed:

- To what extent are the same premises and equipment shared?
- Are the functions of the businesses substantially identical, interrelated or commingled?
- Are the entities presented to their clientele and the public as one business?
- Does the same person or a closely related person, own, control or manage the business?



Determining the Payment Amount

- The In Lieu payment shall be based on the average annual net earnings of the business during the two taxable years preceding displacement (or some other appropriate time frame at the Agency's discretion).
- It may not be less than \$1,000 nor more than \$20,000.
- Whenever possible, U.S. Internal Revenue Service tax returns shall be used to compute payments. The net earnings will include any compensation paid by the business to the owner, the owner's spouse and/or dependants.
- If the business has no tax returns, some other acceptable method of establishing annual income may be substituted, such as the certified financial statement on the business' annual net earnings. If this method is used, the Agency reserves the right to review the financial records of the business.
- If the business was not in operation for the full 2 specified taxable years, the payment shall be computed by dividing the net earnings of the business for the period by the number of months in that period to arrive at the average net monthly income. This figure will be multiplied by twelve to determine the amount of the In Lieu payment.



In Lieu Payments to Farms

A displaced farm operation may choose an In Lieu payment computed in accordance with the preceding procedures if it meets the following conditions:

- The acquisition of part of the land caused the farm operator to be displaced from the farm operation on the remaining land; or
- the partial acquisition caused a substantial change in the nature of the farm operation.

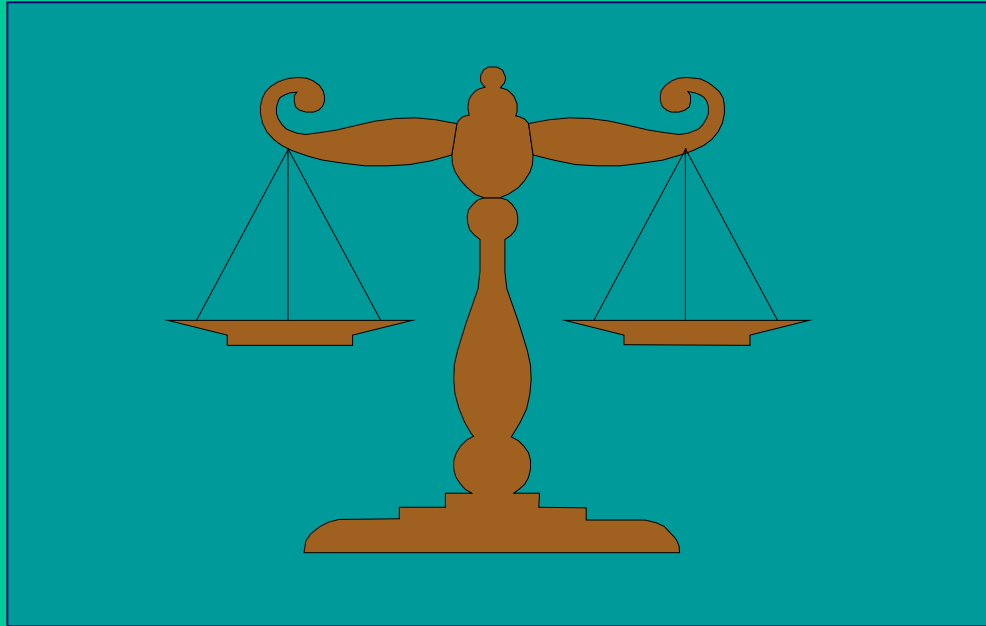


In Lieu Payments to Nonprofit Organizations

- The In Lieu Payment to operations which are incorporated under the applicable laws of the State as a nonprofit organization and are exempt from paying Federal income taxes are entitled to In Lieu Moves if they cannot be relocated without a substantial loss of existing membership or clientele.
- The payment shall be based on the average of the gross revenues less administrative expenses for the two years preceding displacement. Payment must be supported with financial statements for time period used in the computation.



Appeals





Actions Which May be Appealed

- Any person who believes that the Agency has failed to properly consider the person's application for assistance under the Relocation Program may file a written appeal.
- Examples of things which may be appealed are:
 - The Agency's determination that a person is not displaced by the project.
 - The Agency's choice of comparables.
 - The Agency's computation of the person's replacement housing or moving payment.
 - The Agency's determination that a business is ineligible for an In Lieu Payment.
- An appeal must be made by the person in writing, preferably on a Relocation Appeal Form.



Time Frame for Filing Appeals

A person wishing to file an appeal must do so within 60 days of the date the person receives written notification of the Department's determination regarding his or her claim.

Right to Representation

Persons filing appeals have the right to be represented by legal counsel or other representative, but solely at their own expense.



Official Reviewing Appeal

The final arbiter of the appeal shall be the head of the Agency or his or her authorized designee. However, the official shall not have been directly involved in the action appealed.

Determination and Notification

Promptly after receiving all material relevant to the appeal, the reviewer will make a decision and issue the claimant a written determination of the appeal, including an explanation of the basis for the decision.

Right of Judicial Review

Claimants whose appeals are wholly or partially disapproved will be informed in the written notification that they have the right of Judicial review.



Acquisition of Right of Way Relocation Assistance



Louisiana Department of
Transportation and Development

